Pellegrino, Rachel

From: Hickey, Toni
Sent: Wednesday, February 02, 2011 2:49 PM
To: Pellegrino, Rachel
Subject: FW: Small Business Study

-----Original Message-----
From: TMFeedback
Sent: Wednesday, February 02, 2011 1:48 PM
To: Brown, Brian (TM); Hickey, Toni
Subject: FW: Small Business Study

-----Original Message-----
From: Larisa Naples (b)(6)
Sent: Wednesday, February 02, 2011 12:25 PM
To: TMFeedback
Subject: Small Business Study

To: TMFeedback@uspto.gov
From: Larisa Naples <(b)(6)
Date: 31 January 2011
Subject: Small Business Study

Input from:

Larisa Naples
(b)(6)

MY ANSWERS TO YOUR 12 QUESTIONS:

1. Please identify whether you are a trademark owner or practitioner, and the general size and nature of your business or trademark practice, including the number of trademark applications and registrations your business has, or your practice handles. Please note that the USPTO will fully consider any comments you submit, even if you choose not to identify yourself in a particular manner.

ANSWER:
I am not a trademark owner or practitioner. I am a private citizen with recent experience directly relevant to this study. I write, direct, and produce original, fictional, audio-dramas, and distribute/sell those audio-dramas, directly to my audience, via project-specific web pages that I set up on the Internet. I hire actors and technical crew, on a temporary, project-by-project basis, for the production phase of each audio-drama. Technical crew are paid out of pocket. I and my actors are "paid" in meals, credit, and copies, and with the promise of a percentage of profits, once the audio-drama is released. In this sense, I qualify as a small business – which has recently been the "target of litigation tactics attempting to enforce trademark rights beyond a reasonable interpretation of the scope of the rights granted to the trademark owner."

2. In approximately the last 5 years, please describe any instances of which you have first-hand knowledge where a small business may have been the target of litigation tactics attempting to enforce trademark rights beyond a reasonable interpretation of the scope of the rights granted to the trademark owner.

ANSWER:
Last year, I produced an audio-drama trilogy, entitled, "The Realtor & the CEO" – Audio Drama Trilogy. The tale is a modern-day, haunted office story, which satirizes the foibles of badly-behaved CEOs in Silicon Valley. The two main characters in the story are a (fictional) CEO, and a (fictional) Realtor. Hence the title. Upon completion of the first episode, in June 2010, I purchased a web domain based on the title of the piece, and began to advertise the work to my target audience: the high-tech software engineers of Silicon Valley.

On 18 January 2011, three weeks after completing the final episode, and offering the Trilogy for sale on my web site, I received two, separate and distinct, cease-and-desist letters from the National Association of Realtors, threatening trademark litigation if I did not remove all uses of the word "Realtor" from the domain name, web site, and audio drama title, as well as from the audio dramas themselves.

After a week of reading up on trademark law, consulting with legal advisors at the Electronic Frontiers Foundation, and talking to a trademark lawyer affiliated with California Lawyers for the Arts, it is my understanding that my use of the word "Realtor" in a work of original creative expression, when actually referring to, or portraying a Realtor, is a fair "nominative use" of the trademark, which has very strong First Amendment protection under the law.

However, the cost of hiring lawyers to protect that right against a large, well-funded organization based in another State is prohibitive for a small, independent artist like myself. I might win, if I pursued this matter all the way to trial, but I could be bankrupted by legal fees in the process. So, if I win, I lose; if I give in, I lose. Either way, I lose. And the corporate lawyers know this. That is why they use "trademark litigation" as a club with which to bully individuals and small businesses into submission. The corporations know they can have their staff lawyers use this tactic to rack up "cheap and easy wins," demonstrating that they are vigorously "defending the value of their trademarks," without incurring any downside risk – for them.

But the downside risk is high for the rest of us. As a result of the threats of litigation, and the stress of knowing that I am defenseless against these corporate bullies, so long as they perceive me as a viable target, I have been forced to take down my web site, censor my artwork, and "bleep" all references to the word "Realtor" within the audio-dramas themselves. I have thus been rendered unable to sell the audio-drama, unable to pay either my actors or myself for six months of work, and unable to repay my investors. This represents a loss of jobs, a loss of tax revenue, and the loss of an original work of creative expression, all due to "litigation tactics attempting to enforce trademark rights beyond a reasonable interpretation of the scope of the rights granted to the trademark owner."

3. Please describe situations where you have been involved in receiving a cease-and-desist letter. Anecdotal information might include, but is not limited to, a description of whether the letter resulted in the small business ceasing its use of one or more marks, or whether the sender of the cease-and-desist letter withdrew or abandoned its demands against the small business owner.

ANSWER: (this answer is the same as my answer to question #2) Last year, I produced an audio-drama trilogy, entitled, "The Realtor & the CEO" – Audio Drama Trilogy. The tale is a modern-day, haunted office story, which satirizes the foibles of badly-behaved CEOs in Silicon Valley. The two main characters in the story are a (fictional) CEO, and a (fictional)

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4. Please describe situations where you have been involved in trademark litigation in state or federal courts. Anecdotal information might include, but is not limited to, a description of whether the lawsuit settled on the basis of the small business agreeing to cease its use of one or more marks, or on the basis of the plaintiff withdrawing or abandoning its trademark-related allegation(s). Alternatively, relevant information might include whether such lawsuits resulted in a court judgment and the nature of the judgment (such as requiring the small business to cease its use of one or more marks, assessing monetary liability (damages, lost profits, or attorneys' fees) against the small business, requiring the plaintiff to pay the defendant's attorneys'
fees, or imposing sanctions against the plaintiff under Rule 11 of the Federal Rules of Civil Procedure).

ANSWER:
Due to the high costs of engaging legal counsel, the U.S. court system is currently inaccessible to me for defending my First Amendment rights against frivolous trademark litigation by large corporations. I therefore have no experience with trademark litigation in the state or federal court systems.

5. Please describe situations where you have been involved in opposition/cancellation proceedings instituted at the USPTO against small business owners. Anecdotal information might include, but is not limited to, a description of whether the proceedings settled on the basis of the small business agreeing to abandon its application(s) for one or more marks, or whether the proceedings settled on the basis of the plaintiff withdrawing or abandoning its notice of opposition or cancellation petition. Alternatively, relevant information might include a description of whether such proceedings resulted in a decision by the USPTO Trademark Trial and Appeal Board ("TTAB") refusing to register/canceling one or more marks owned by the small business, or whether such proceedings resulted in the TTAB imposing sanctions against the plaintiff under Rule 11 of the Federal Rules of Civil Procedure.

ANSWER:
I have no experience with these types of proceedings.

6. Do you think trademark owners currently encounter the problem of other trademark owners using their trademark rights to harass and intimidate another business beyond what the law might be reasonably interpreted to allow? If so, how significant is the problem?

ANSWER:
I do not have sufficient knowledge to venture an opinion on this.

7. Do you think aggressive litigation tactics are more pervasive in the trademark area than in other areas of the law?

ANSWER:
I do not have sufficient knowledge to venture an opinion on this.

8. Do you think the USPTO has a responsibility to do something to discourage or prevent aggressive trademark litigation tactics? If yes, what should the USPTO do?

ANSWER:
Yes, I do believe the USPTO has a responsibility to do something to discourage aggressive trademark litigation tactics. However, I believe the power of the USPTO to affect change in this area is rather limited, without a coordinated effort on the part of Congress, and the U.S. Courts.

Two distinct changes to policy (and perhaps to law) will be required, if unreasonably aggressive trademark litigation tactics are to be successfully discouraged. First, there must be a clear and explicit definition of the limitations of trademark protection under the law. Second, there must be clear, court-enforceable penalties against any organization attempting to overstep those limitations. The USPTO might not have the power to make those changes, but they can offer recommendations to the courts and to Congress. The USPTO can (and should) also provide detailed information on their website, regarding the scope and limitations of trademark law.

The USPTO web site provides excellent guidance for trademark holders on how one can file to register a trademark, and the steps one can and must take to defend that trademark against infringement. However, the USPTO web site should also explicitly address what constitutes "fair use" of a trademark by others, and call out where reasonable "trademark protection" ends. As the only official government source of information pertaining to the purpose and proper use of trademarks, it is the USPTO's duty to provide clear, easily comprehensible, behavioral guidelines that describe the proper uses of trademarks both by trademark owners, and by others.

9. Do you think the U.S. courts have a responsibility to do something to discourage or prevent aggressive trademark litigation tactics? If yes, what should the U.S. courts do?

ANSWER:
Yes, I do believe the U.S. courts have a responsibility to discourage aggressive trademark litigation tactics.

If unreasonably aggressive trademark litigation tactics are to be successfully discouraged, two changes will be required. First, there must be a clear and explicit definition of the limitations of trademark protection under the law. Second, there must be clear, court-enforceable penalties against any organization attempting to overstep those limitations.

The fact that an independent artist can be bullied out of their First Amendment right to the fair nominative use of a word, in a work of fiction, with a threat of "trademark litigation" is a clear indication that the limitations of trademark protection are far too vague. I understand that vagueness is often built in to the wording of legislation, as a means for guaranteeing the necessary votes to pass it.
However, it is that very vagueness, regarding the limitations of the applicability of trademark law, that currently encourages the intentional misinterpretation and re-misinterpretation of "trademark law," to benefit powerful corporations at the expense of small businesses and private citizens, who lack the financial resources to protect their rights against prolonged legal game-playing by larger, and better-funded opponents. This constitutes a serious failure of leadership.

One way to correct the situation is to have the federal courts offer a positive clarification of what the courts will and will not consider "fair use" of a trademark, and to have that positive clarification documented and made easily accessible to all citizens through the USPTO's informational web site. In addition, the courts can implement and enforce penalties (i.e. payment of all legal expenses incurred by the defendant) against any large organization that attempts to overstep the intended scope of their "trademark protection" to intimidate or sue a smaller party.

I have been assured that my situation is a very straight-forward case of First Amendment rights, and that the demands made of me in the cease-and-desist letters are absurd. If I had any assurance that -- were I to win in court -- I would not be out the legal expenses, I would be defending my rights in court, at this very moment. However, knowing that my family could be financially ruined by legal fees, even after "winning" the case, my only choice was to relinquish my right to free speech, uncontested. Were it not for the current USPTO Small Business Study, it is likely that no one in Congress, or in the judiciary would ever have been made aware of my situation. The response from the Internet community, when news of my quandary got out, indicates that there are many others in the same situation: bullied out of their rights because they cannot afford to hire the lawyers necessary to defend themselves in court. In any democratic society, the law must be defined and interpreted in a manner that gives equal protection to all people and businesses, regardless of size. Trademark law does not currently do so. Barring an act of Congress, it is up to the judiciary to correct that oversight.

10. What other U.S. agencies may have a responsibility to do something about the problem?

ANSWER:
I don't know of any other agencies with the power to affect the necessary change.

11. Do you think Congress has a responsibility to do something to discourage or prevent aggressive trademark litigation tactics? If yes, what should Congress do?

ANSWER:
Yes, I do believe that Congress has a responsibility to discourage aggressive trademark litigation tactics.

If unreasonably aggressive trademark litigation tactics are to be successfully discouraged, two changes will be required. First, there must be a clear and explicit definition of the limitations of trademark protection under the law. Second, there must be clear, court-enforceable penalties against any organization attempting to overstep those limitations. Defining and enforcing court penalties may not be within the purview of the legislature, but passing legislation that clearly defines the intended purpose of, and limits to "trademark protection"
certainly is.

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However, it is that very vagueness, regarding the limitations of the applicability of trademark law, that currently encourages the intentional misinterpretation and re-misinterpretation of "trademark law," to benefit powerful corporations at the expense of small businesses and private citizens, who lack the financial resources to protect their rights against prolonged legal game-playing by larger, and better-funded opponents. This constitutes a serious failure of leadership. In any democratic society, the law must provide equal protection to all people and businesses, regardless of size. Trademark law does not currently do so. Congress must clarify the intentional uses and limitations of trademark law, if this kind of corporate bullying is to be prevented. Otherwise, they should stop pretending that the First Amendment protects free speech for anyone except the rich.

12. Please provide any other comments you may have.

ANSWER:
No additional comments.